

# City of Detroit

## CITY COUNCIL

IRVIN CORLEY, JR.  
DIRECTOR  
(313) 224-1076

FISCAL ANALYSIS DIVISION  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 218  
Detroit, Michigan 48226  
FAX: (313) 224-2783  
E-Mail: irvin@cncl.ci.detroit.mi.us

ANNE MARIE LANGAN  
DEPUTY DIRECTOR  
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*.

DATE: May 23, 2008

RE: Resolution Authorizing Issuance of not to exceed \$170,150,000 in Series 2008 Tax Notes (not to exceed \$79,335,000 in Revenue Tax Anticipation Notes: RANs; and, not to exceed \$90,815,000 in Tax Anticipation Notes: TANs) **(Recommend Approval) Line Item 8 on Today's Budget, Finance and Audit Standing Committee's Agenda)**

The aforementioned resolution is before Your Honorable Body for approval.

The first attachment represents the City's cash flow for fiscal year 2007-08 and 2008-09 without the issuance of the RANs/TANs in June 2008. The 2007-08 cash flow statement assumes the City receiving \$65 million in cash from the outstanding tunnel deal in June 2008. As you know, the your Honorable Body decided yesterday not to count that deal as of June 30, 2008 in the budget given the lack of proper documentation for the second straight budget process.

In addition, it is very unlikely that the City will receive \$10 million over the budget of \$13 million from property sales by June 30, 2008 that the Administration is counting on, again based on the lack of proper documentation. Even if Council were to approve all of the property sales the Administration has before you within the next two weeks, it is a stretch that these sales would be closed by June 30, 2008, which means it would be unknown when the actual cash would be received in fiscal year 2008-09, thereby making it hard to treat the sales as revenue in the current 2007-08 budget to help the budget deficit situation.

Unfortunately, the City of Detroit continues to be in a tenuous cash flow position. Council should note that an \$80 million pension payment is also due in June 2008. This includes a \$57.4 million payment into the Police and Fire pension fund for the year ending June 30, 2007. The City still owes the Police and Fire pension fund \$56.2 million for fiscal year ending June 30, 2008, which means it would get paid in fiscal year 2008-09. In essence, the Administration continues to use short-term borrowing in the form of RANs/TANs to help cover expenditures of a prior fiscal year, which in and of itself, is not good policy.

Ideally, short-term borrowing for cash flow purposes, which is a common practice among municipalities and school districts, should be done to smooth out cash flow needs to cover current year expenditures.

Despite of my continual criticism on the use of RANs/TANs for the City of Detroit, I do recommend approval of the not to exceed \$170 million in RANs/TANs sale in order for the City to avoid payless pay days as soon as June 30, 2008, and given the fact that the City could remain in a deficit cash flow position well into November 2008 without the proceeds from this RANs/TANs sales.

Unfortunately, is it highly conceivable the City would need to borrow close to the not to exceed amount of \$170 million to stay afloat and have a little cushion. Some cushion probably is needed, especially if state revenue sharing and income tax revenues do not come in as expected.

In addition, any cash proceeds from the tunnel deal seems still far in the future, coupled with the Administration's reluctance to issue Fiscal Stabilization Bonds instead of a tunnel deal, which the your Honorable Body is hard-pressed to go with.

I should mention that I appreciate as well the responses from the Administration to my previous questions on the RANs/TANs proposal to help with my recommendation, and those responses with key documents are attached.

#### Attachments

cc: Council Divisions  
Auditor General's Office  
Norman White, Chief Financial Officer  
Donita Crumpler, Manager II, Finance  
Pamela Scales, Budget Director  
Kerwin Wimberly, Mayor's Office

**CITY OF DETROIT  
CASH FORECAST (IN THOUSANDS)  
PROJECTION FOR FY 2007-2008  
As of April 15, 2008**

	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>FY 07-08 TOTALS</u>
BEGINNING BALANCE	\$197,414	\$176,756	\$271,763	\$233,490	\$202,664	\$182,853	\$143,622	\$200,126	\$115,635	\$84,289	\$71,563	\$79,455	\$197,414
<b>RECEIPTS</b>													
TAXES (Includes Payroll Tax Distributed)	57,930	292,713	151,258	82,766	71,251	90,739	259,942	111,945	43,000	42,000	43,000	60,000	1,306,545
DISTRIBUTABLE STATE AID	44,282	0	43,985	0	46,498	0	20,000	9,819	25,654	36,274	44,892	0	271,404
NOTE PROCEEDS (RANS)												0	0
NOTE PROCEEDS (TANS)												0	0
PENDING TUNNEL DEAL NET												65,000	65,000
OTHER REVENUE	<u>22,920</u>	<u>99,271</u>	<u>2,443</u>	<u>13,607</u>	<u>91,329</u>	<u>22,925</u>	<u>17,362</u>	<u>43,432</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>453,289</u>
TOTAL RECEIPTS	<u>\$125,131</u>	<u>\$391,985</u>	<u>\$197,686</u>	<u>\$96,373</u>	<u>\$209,078</u>	<u>\$113,664</u>	<u>\$297,304</u>	<u>\$165,186</u>	<u>\$103,654</u>	<u>\$113,274</u>	<u>\$122,892</u>	<u>\$160,000</u>	<u>\$2,086,239</u>
<b>DISBURSEMENTS</b>													
PAYROLL & FRINGE BENEFITS	\$68,867	\$107,792	\$59,290	\$62,067	\$77,199	\$73,325	\$82,681	\$68,241	\$72,895	\$72,000	\$82,000	\$70,000	\$894,357
PENSION CONTRIBUTION												79,909	79,909
DEBT SERVICE -NOTES (RANS)	0	0	0	0	17,485	0	29,819	0	0	0	0	0	47,304
DEBT SERVICE -NOTES (TANS)	0	30,000	0	0	10,000	0	20,000	25,995	0	0	0	0	85,995
OTHER EXPENDITURES	<u>78,923</u>	<u>159,185</u>	<u>176,669</u>	<u>65,132</u>	<u>124,206</u>	<u>79,571</u>	<u>108,299</u>	<u>155,452</u>	<u>62,104</u>	<u>54,001</u>	<u>33,000</u>	<u>73,000</u>	<u>1,189,542</u>
TOTAL DISBURSEMENTS	<u>\$145,789</u>	<u>\$296,977</u>	<u>\$235,959</u>	<u>\$127,199</u>	<u>\$228,889</u>	<u>\$152,896</u>	<u>\$240,789</u>	<u>\$249,688</u>	<u>\$134,999</u>	<u>\$126,001</u>	<u>\$115,000</u>	<u>\$222,909</u>	<u>\$2,277,106</u>
CASH BALANCE	<u>\$176,756</u>	<u>\$271,763</u>	<u>\$233,490</u>	<u>\$202,664</u>	<u>\$182,853</u>	<u>\$143,622</u>	<u>\$200,126</u>	<u>\$115,635</u>	<u>\$84,289</u>	<u>\$71,563</u>	<u>\$79,455</u>	<u>\$16,546</u>	<u>\$16,546</u>
RESTRICTED CASH	(106,743)	(85,211)	(73,294)	(56,618)	(49,272)	(33,988)	(29,070)	(14,710)	(14,022)	(51,400)	(51,400)	(51,400)	(51,400)
CASH AVAILABLE	<u>\$70,013</u>	<u>\$186,552</u>	<u>\$160,196</u>	<u>\$146,046</u>	<u>\$133,581</u>	<u>\$109,634</u>	<u>\$171,056</u>	<u>\$100,925</u>	<u>\$70,267</u>	<u>\$20,163</u>	<u>\$28,055</u>	<u>(\$34,854)</u>	<u>(\$34,854)</u>

5/21/2008

**CITY OF DETROIT**  
**CASH FORECAST (IN THOUSANDS)**  
**PROJECTION FOR FY 2008-2009**  
**As of April 15, 2008**

	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>Oct-08</u>	<u>Nov-08</u>	<u>Dec-08</u>	<u>Jan-09</u>	<u>Feb-09</u>	<u>Mar-09</u>	<u>Apr-09</u>	<u>May-09</u>	<u>Jun-09</u>	<u>FY 08-09</u> <u>TOTALS</u>
BEGINNING BALANCE	\$16,546	(\$34,955)	\$28,890	\$33,833	(\$49,014)	(\$42,717)	\$40,530	\$101,243	\$49,354	\$41,844	(\$42,895)	(\$27,405)	\$16,546
<b>RECEIPTS</b>													
TAXES (Net of Payroll Tax Distributions)	46,203	106,854	53,474	63,274	45,856	48,776	108,121	51,552	60,517	52,522	61,211	75,153	773,513
DISTRIBUTABLE STATE AID	44,511	0	45,056	0	45,585	0	45,873	0	45,898	0	44,869	0	271,792
NOTE PROCEEDS (RANS)										0			0
NOTE PROCEEDS (TANS)										0			0
OTHER REVENUE	<u>58,998</u>	<u>177,923</u>	<u>121,725</u>	<u>35,669</u>	<u>62,064</u>	<u>204,466</u>	<u>82,251</u>	<u>50,843</u>	<u>57,916</u>	<u>50,100</u>	<u>63,119</u>	<u>120,371</u>	<u>1,085,444</u>
TOTAL RECEIPTS	<u>\$149,712</u>	<u>\$284,776</u>	<u>\$220,256</u>	<u>\$98,943</u>	<u>\$153,505</u>	<u>\$253,242</u>	<u>\$236,245</u>	<u>\$102,396</u>	<u>\$164,331</u>	<u>\$102,621</u>	<u>\$169,199</u>	<u>\$195,524</u>	<u>\$2,130,749</u>
<b>DISBURSEMENTS</b>													
PAYROLL & FRINGE BENEFITS	\$72,283	\$78,513	\$94,537	\$60,531	\$86,616	\$84,580	\$62,719	\$74,962	\$74,001	\$63,614	\$93,872	\$81,464	\$927,894
PENSION CONTRIBUTION												62,000	62,000
DEBT SERVICE -NOTES (RANS)	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT SERVICE -NOTES (TANS)	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER EXPENDITURES	<u>128,930</u>	<u>142,418</u>	<u>120,776</u>	<u>121,258</u>	<u>60,592</u>	<u>85,415</u>	<u>112,812</u>	<u>79,323</u>	<u>97,840</u>	<u>123,746</u>	<u>59,837</u>	<u>77,777</u>	<u>1,210,723</u>
TOTAL DISBURSEMENTS	<u>\$201,213</u>	<u>\$220,931</u>	<u>\$215,313</u>	<u>\$181,790</u>	<u>\$147,208</u>	<u>\$169,995</u>	<u>\$175,531</u>	<u>\$154,285</u>	<u>\$171,841</u>	<u>\$187,360</u>	<u>\$153,709</u>	<u>\$221,241</u>	<u>\$2,200,417</u>
CASH BALANCE	<u>(\$34,955)</u>	<u>\$28,890</u>	<u>\$33,833</u>	<u>(\$49,014)</u>	<u>(\$42,717)</u>	<u>\$40,530</u>	<u>\$101,243</u>	<u>\$49,354</u>	<u>\$41,844</u>	<u>(\$42,895)</u>	<u>(\$27,405)</u>	<u>(\$53,122)</u>	<u>(\$53,122)</u>
RESTRICTED CASH	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>
CASH AVAILABLE	<u>(\$69,955)</u>	<u>(\$6,110)</u>	<u>(\$1,167)</u>	<u>(\$84,014)</u>	<u>(\$77,717)</u>	<u>\$5,530</u>	<u>\$66,243</u>	<u>\$14,354</u>	<u>\$6,844</u>	<u>(\$77,895)</u>	<u>(\$62,405)</u>	<u>(\$88,122)</u>	<u>(\$88,122)</u>

TO: Irvin Corley, Jr., Director  
FROM: Norman White, Chief Financial Officer  
DATE: May 22, 2008  
RE: \$170,150,000 Series 2008 Tax Notes

In answer to your questions on the resolution:

1. The level of RANs/TANs is growing every year. In 2004-05, I believe \$95 million were sold (I did not have a copy of the resolution in my files). In 2005-06, \$127 million were sold. In 2006-07, \$132 million were sold. Now, in 2007-08, \$170 million is on the table. Please provide any worksheets that show the City can issue up to \$170 million.

**We have forwarded to you the necessary worksheets. The amount of the DSA(Revenue Sharing) pledge against the GDRRA debt is decreasing, providing the City the capacity to finance larger amounts.**

2. Based on the \$170 million request, the City's cash flow position appears to be getting worse. Please provide a detailed cash flow statement indicating why the City should borrow on a short-term basis up to \$170 million. Please provide last year's cash flow statement that shows an ending balance that equates to the beginning balance on this year's cash flow. Please provide the cash flow statement that would be submitted to the State. Does the 2008 cash flow assume the tunnel deal?

**We do not need the entire \$170 million to meet the City's current cash flow needs. See cash flow statements for last year and current year to be submitted to the State. The balances without the financing for both years are similar. The 2008 cash flow does assume the tunnel deal.**

3. The cover letter before the Standing Committee shows not to exceed \$171 million; but the amount should be not to exceed \$170,150,000 according to other language and figures throughout the documents. Please correct and send a revised copy.

**See revised cover letter.**

4. I believe the State of Michigan based its approval of the 2007 RANs/TANs on the form entitled "Application for State Treasurer's Approval to Issue Short-Term Municipal Securities". Please provide a copy of the 2007 form and a copy of the form you look to send to the State this year, if Council approves this transaction. In addition, page 14 makes reference to notification in writing to State Treasurer. Please provide a copy of all information required to be submitted to the State Treasurer.

**See attached Exhibit A, 2007 application and Exhibit B regarding information required to be submitted to the State Treasurer. See Exhibits C, D of resolution for required notices to State Treasurer.**

5. On page 3, and others, the term "Solid Contract" is used, we believe this is not accurate, and should be corrected if it is an error.

**The term is accurate and should remain a part of the resolution. The "Solid Contract" is defined on page 3, second paragraph, and refers to the contract between the City and GDRRA; Distributable State Aid is pledged to pay the debt service on GDRRA bonds.**

6. Please provide a breakdown on the fees and costs associated with the sale, and the advisors and all others associated with the sale etc. that will be paid. Also how were they selected?

**See attached(Exhibit C), that shows what was paid as fees and expenses to the underwriters. The Finance Director selects the firms who will serve in the respective positions for the financing.**

7. Section 15, gives the Finance Director/Mayor the ability to make decisions relating to the sale, including splitting the sale into multiple offerings, and "obtaining financial advisory services, securing ratings by bond rating agencies, acquiring bond insurance, letter of credit, surety bond, guarantee ..." pages 17 and 18. When and if these decisions are exercised, they should be reported to Council, along with the rational.

**A great deal of the information noted above is contained in the final Official Statement that City Council receives when the transaction is**

**completed. Any other information we will be happy to provide if requested by Council.**

8. Please report on the existing deals with the two pension systems on late payments, what are the deals, where does the city stand on meeting the agreements, current, behind or ahead of commitment, which impacts the City's cash flow.

**Attached(Exhibit D) is the agreement between the General Retirement System Board(GRS) and the Administration. We are meeting and have met all the terms of the agreement. For example in June of 2007 the City paid \$21.4 million representing the amount owed to GRS for the year-ending June 30, 2006. You will also note the agreement anticipates that the City would eliminate the past-due amounts and be current with GRS by June of 2009.**

**The Police and Fire Pension Fund(P&F) is currently owed \$113.6 million of which \$57.4 million and \$56.2 for the fiscal years ending June 30<sup>th</sup>, 2007 and 2008 respectively. \$57.8 million was paid on June 29<sup>th</sup> 2007, which represented the amount owed to P&F for the year ending June 30<sup>th</sup>, 2006.**

9. Have you already talked to the State Treasurer about the lack of a CAFR to support this sale? What was the State Treasures reaction/response? What is the current status of the preparation of the 2006-07 CAFR?

**We have had conversations with the Deputy State Treasurer regarding the transaction. The State is aware that the 2006-07 CAFR is not completed. They will be provided with the adopted 2008-09 Budget, and cash flow forecast as the City provided the State last year, and whatever other information they will need.**

10. When do you anticipate this sale taking place?

**June 2008.**

EXHIBIT A

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Short-term Municipal Securities can be issued.

# Application for State Treasurer's Approval to Issue Short-Term Municipal Securities

**INSTRUCTIONS:** Complete all parts of this application. The Department of Treasury may request additional information.  
**FILE WITH:** Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.  
 Direct questions to (517) 373-0660 or e-mail to TREAS\_LAFD@michigan.gov.

The municipality identified below applies for permission to issue short-term municipal securities under authority of P.A. 34 of 2001, as amended.

Legal Name of Municipality City of Detroit		County(ies) Wayne	
Amount of Security Not to exceed \$43,508,992.00		Issue Date To be determined	Due Date Not later than 6/30/08
Interest Rate 18 % Maximum	Year Borrowing Against <input type="checkbox"/> Current Fiscal Year <input checked="" type="checkbox"/> Next Succeeding Fiscal Year		
Borrowing Against <input type="checkbox"/> Operating Taxes <input type="checkbox"/> Capital Improvement Taxes <input checked="" type="checkbox"/> State Revenue Sharing <input type="checkbox"/> State School Aid <input type="checkbox"/> Long-term Municipal Securities <input type="checkbox"/> Grants			
Purpose To provide funds to pay necessary operating expenditures required as a result of cash flow imbalances of the City.			

## TAX INFORMATION

Fiscal Year June 30	Date Taxes Due July 1	Date Taxes Delinquent August 31
------------------------	--------------------------	------------------------------------

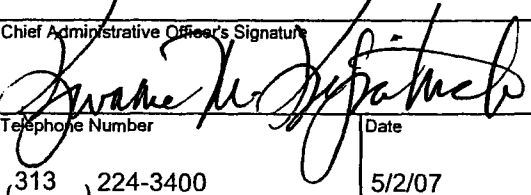
## ELECTION INFORMATION

Date of Election	# of Mills Authorized	Expiration Date	Date of First Levy	Purpose*
NA	NA	NA	NA	NA

\* Use language exactly as it appeared on the ballot or attach a copy of the ballot.

Name and Address of Bond Attorney Susan Hoffman, Esq - Lewis & Munday PC 1420 Fifth Ave., Ste. 3150, Seattle, WA 98101	Telephone Number ( 206 ) 625-0550
Name and Address of Financial Consultant Thomas Gavin - R.W. Baird & Co. 300 E. Fifth Ave., Ste. 200, Naperville, IL 60563	Telephone Number ( 630 ) 778-9178

## CERTIFICATION

I, the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality, and that they are complete and accurate in all respects.		
Chief Administrative Officer Name and Title (Typed or Printed) Kwame M. Kilpatrick, Mayor	Chief Administrative Officer's Signature 	
Municipal Address 1200 Coleman A. Young Municipal Ctr., Detroit, MI 48226	Telephone Number ( 313 ) 224-3400	Date 5/2/07



Type	Dated	Amount Borrowed	Maturity Date	Outstanding Balance
None				

## TAX HISTORY

TAX HISTORY	Preceding Fiscal Year	Current Fiscal Year	Next Fiscal Year
	20 <u>05</u> - 20 <u>06</u>	20 <u>06</u> - 20 <u>07</u>	20 <u>07</u> - 20 <u>08</u>
State Equalized Valuations	\$ 13,256,545,182	\$ 13,119,185,040	\$ To be determined
Millage			
Operating Allocated	19.962 mills	19.952 mills	mills
Operating Voted	0 mills	0 mills	mills
Capital Improvement	0 mills	0 mills	mills
Debt	7.0753 mills	8.3951 mills	mills
Other	2.9943 mills	2.9928 mills	mills
Tax Levies: Operating	\$ 174,664,110	\$ 179,491,292	\$
Capital Improvement	\$ 0	\$ 0	\$
Debt	\$ 61,907,673	\$ 78,059,941	\$
Other	\$ 26,186,492	\$ 9,997,423	\$
Total	\$ 262,758,275	\$ 267,548,656	\$
Operating Tax Collections to*	\$	\$	
Collections to Present	\$	\$	

\* Insert the day and month upon which the proposed notes will mature. In corresponding spaces report the collections for each respective year as of said day and month.

**IF YOU HAVE A DUAL LEVY PLEASE COMPLETE THE FOLLOWING:**

[illegible]

**CITY OF DETROIT  
CASH FORECAST (IN THOUSANDS)  
PROJECTION FOR FY 2007-2008**

	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>
BEGINNING BALANCE	85,313	91,623	159,823	125,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223
<b><u>RECEIPTS</u></b>											
TAXES	41,400	61,200	45,000	236,600	88,000	103,000	49,000	63,000	222,000	62,000	43,000
DIST STATE AID	45,490		45,000		45,000		45,000		45,000		45,000
NOTE PROCEEDS (RANS)		45,000									
NOTE PROCEEDS (TANS)		80,000									
OTHER REVENUE	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
TOTAL RECEIPTS	<u>121,890</u>	<u>221,200</u>	<u>125,000</u>	<u>271,600</u>	<u>168,000</u>	<u>138,000</u>	<u>129,000</u>	<u>98,000</u>	<u>302,000</u>	<u>97,000</u>	<u>123,000</u>
<b><u>DISBURSEMENTS</u></b>											
PAYROLL	35,000	40,000	35,000	45,000	35,000	35,000	40,000	35,000	35,000	45,000	35,000
DEBT SERVICE -NOTES (RANS)							18,500		28,500		
DEBT SERVICE -NOTES (TANS)			12,000	44,000	16,000	600	600	2,000	8,000		
OTHER EXPENDITURES	<u>80,580</u>	<u>113,000</u>	<u>112,000</u>	<u>150,000</u>	<u>161,000</u>	<u>78,000</u>	<u>55,500</u>	<u>118,000</u>	<u>235,500</u>	<u>104,000</u>	<u>100,000</u>
TOTAL DISBURSEMENTS	<u>115,580</u>	<u>153,000</u>	<u>159,000</u>	<u>239,000</u>	<u>212,000</u>	<u>113,600</u>	<u>114,600</u>	<u>155,000</u>	<u>307,000</u>	<u>149,000</u>	<u>135,000</u>
CASH BALANCE	91,623	159,823	125,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223	27,223
BALANCE WITHOUT NOTE PROCEEDS	91,623	34,823	12,823	89,423	61,423	86,423	119,923	64,923	96,423	44,423	32,423

**CITY OF DETROIT, MICHIGAN**  
**STATEMENT OF DIRECT TAX SUPPORTED AND REVENUE INDEBTEDNESS**  
**May 1, 2007**

**Tax Supported Debt**

**Unlimited Tax**

General Obligation bonds (general purpose)	\$	541,785,000			
Distributable State Aid general obligation bonds		<u>25,120,000</u>	\$	566,905,000	

**Limited Tax**

General Obligation bonds (limited tax )		316,605,000			
Greater Detroit Resource Recovery Authority bonds		102,600,000			
Detroit Building Authority bonds (Madison Center)		5,955,000			
Economic Development - Resource Recovery bonds		<u>49,805,000</u>		<u>474,965,000</u>	
Total tax supported debt			\$	1,041,870,000	

**Revenue and Other Debt**

Water Supply System bonds	\$	3,182,426,069			
Sewage Disposal System bonds		2,966,334,266			
Detroit Building Authority bonds (Parking and Arena System)		43,590,000			
Federal Section 108 loans		42,862,000			
Convention Facility Revenue Bonds (Cobo Hall Expansion)		102,803,138			
DDA Tax Increment bonds		143,428,198			
LDFA Tax Increment bonds		82,840,000			
Total revenue and other projects				<u>6,564,283,671</u>	

**Gross Direct Debt**

**\$7,606,153,671**

**Deductions**

Revenue and Other Debt	\$	6,564,283,671			
Greater Detroit Resource Recovery Authority					
Bonds-Reserve Account Balance		<u>26,251,172</u>			
Total Deductions				<u>6,590,534,843</u>	

**Net Direct Debt**

**\$1,015,618,828**

**SOURCE: Finance Department**

### Overlapping Debt

Property in the City is currently taxed for proportionate share of outstanding debt obligation of overlapping governmental entities including the School District of the City of Detroit, Wayne County, Regional Educational Service Agency and Wayne County Community College. The table below shows the City's share of outstanding tax supported overlapping debt as of May 1, 2007. See "GOVERNMENTAL STRUCTURE -Other Governmental Entities."

Issuer	City's Share of Overlapping Debt As of May 1, 2007		
	Outstanding Debt	Detroit's Share	
		Percent	Amount
The School District of the City of Detroit (a)	\$ 1,409,720,423	100.00 %	\$ 1,409,720,423
Wayne County (b)	102,307,808	18.37	18,793,944
Wayne County Community College	50,100,000	29.06	14,559,060
Net Overlapping Debt			\$ 1,443,073,427

(b) This debt is a general obligation of the County but is payable from assessments against municipalities in the County, other than the City, as well as from the County General Fund.

SOURCE: Municipal Advisory Council of Michigan

### Summary of Debt Statement

The following table shows the City's net direct and overlapping debt as of May 1, 2007:

Direct and Overlapping Debt As of May 1, 2007		
Direct Debt		
Gross Principal Amount	\$7,606,153,671	
Less amount payable from other sources	<u>6,590,534,843</u>	
Net direct debt		\$1,015,618,828
Overlapping Debt		
Net overlapping Debt		<u>1,443,073,427</u>
Net Direct and Overlapping Debt		<u>\$2,458,692,256</u>

Projects being planned for future indebtedness:

Tax Anticipation Notes, not to exceed \$88,446,487.

Water Supply System Revenue Refunding Bonds, not to exceed \$400,000,000.

Detroit Building Authority Parking System Revenue Refunding Bonds, not to exceed \$17,500,000.

General Obligation Unlimited Tax Bonds, not to exceed \$50,000,000.

499156243823 499157 REV1 08/06 8610036255

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

JPMorgan Chase

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

JPMorgan Chase  
CORPORATE ACCOUNTS PAYABLE, TX2-C361  
601 TRAVIS STREET, 19TH FLOOR  
HOUSTON TX 77002

Official Check  
622249739

10-86  
220

DATE 06/05/2007 AMOUNT \$500.00

Pay  
Five Hundred and NO/100 Dollars

Drawer: JPMorgan Chase Bank, N.A.

To the Order of

MICHIGAN DEPT OF TREASURY

PO BOX 30728  
LANSING MI 48909

*Denise H. Moore*

Issued by Integrated Payment Systems Inc., Englewood, Colorado  
To Citibank, N.A., Buffalo, NY

Security  
Features  
Circle on  
Back.

⑈371566⑈ ⑆022000868⑆ 25006222497399⑈

499156243823 499157 REV1 08/06 8610036255

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

JPMorganChase

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

JPMorgan Chase  
CORPORATE ACCOUNTS PAYABLE, TX2-C361  
601 TRAVIS STREET, 19TH FLOOR  
HOUSTON TX 77002

Official Check  
622219677

10-86  
220

DATE 05/07/2007 AMOUNT \$1,500.00

Pay  
One Thousand Five Hundred and NO/100 Dollars

To the Order of

Drawer: JPMorgan Chase Bank, N.A.

MICHIGAN DEPT OF TREASURY

PO BOX 30728  
LANSING MI 48909

*Denise H. Moore*

Issued by Integrated Payment Systems Inc., Englewood, Colorado  
To Citibank, N.A., Buffalo, NY

Security  
Features  
Details on  
Back.

⑈371566⑈ ⑆022000868⑆ 25006222196779⑈

22-Jun-07

**CITY OF DETROIT**  
**DRAFT CASH FORECAST (IN THOUSANDS)**  
**PROJECTION FOR FY 2007-2008**

	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>
BEGINNING BALANCE	85,313	91,623	184,823	135,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223	27,223
<b>RECEIPTS</b>												
TAXES	41,400	61,200	45,000	236,600	88,000	103,000	49,000	63,000	222,000	62,000	43,000	75,000
DIST STATE AID	45,490		45,000		45,000		45,000		45,000		45,000	
NOTE PROCEEDS (RANS)		45,000										
NOTE PROCEEDS (TANS)		80,000										
OTHER REVENUE	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
TOTAL RECEIPTS	<u>121,890</u>	<u>221,200</u>	<u>125,000</u>	<u>271,600</u>	<u>168,000</u>	<u>138,000</u>	<u>129,000</u>	<u>98,000</u>	<u>302,000</u>	<u>97,000</u>	<u>123,000</u>	<u>110,000</u>
<b>DISBURSEMENTS</b>												
PAYROLL	35,000	40,000	35,000	45,000	35,000	35,000	40,000	35,000	35,000	45,000	35,000	35,000
DEBT SERVICE -NOTES (RANS)							18,500		28,500			
DEBT SERVICE -NOTES (TANS)			12,000	44,000	16,000	600	600	2,000	8,000			
OTHER EXPENDITURES	<u>80,580</u>	<u>88,000</u>	<u>127,000</u>	<u>160,000</u>	<u>161,000</u>	<u>78,000</u>	<u>55,500</u>	<u>118,000</u>	<u>235,500</u>	<u>104,000</u>	<u>100,000</u>	<u>70,000</u>
TOTAL DISBURSEMENTS	<u>115,580</u>	<u>128,000</u>	<u>174,000</u>	<u>249,000</u>	<u>212,000</u>	<u>113,600</u>	<u>114,600</u>	<u>155,000</u>	<u>307,000</u>	<u>149,000</u>	<u>135,000</u>	<u>105,000</u>
CASH BALANCE	91,623	184,823	135,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223	27,223	32,223
BALANCE WITHOUT NOTE PROCEEDS	91,623	59,823	22,823	89,423	61,423	86,423	119,923	64,923	96,423	44,423	32,423	32,223
Less: Restricted Cash	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>							
BALANCE WITHOUT RESTRICTED CASH	<u>21,623</u>	<u>(10,177)</u>	<u>(47,177)</u>	<u>19,423</u>	<u>(8,577)</u>							

**BREAKDOWN OF MAJOR DISB.**

POC OBLIGATION-PAID	23,000				9,500							
EMPLOYEE BENEFITS-PAID	18,000		18,000	18,000	18,000							
TID - PYMT TO DDA DUE JULY 1,	10,000		8,000									
LDFA PYMT DUE JULY 1			6,000									
TIPPING FEES GDRRA			45,000		25,000							
TAX DISTRIBUTION-PAID	90,000			90,000	90,000							
VENDOR CHECKS, OTHER-PAID	15,000		24,000	52,000	18,500							
VENDOR CHECKS, OTHER												
OTHER EXPENDITURES-DETAIL	88,000	127,000	160,000	161,000								

**BREAKDOWN OF RESTRICTED CASH**

STREET FUND	47,000
SELF INSURANCE FUND	20,000
TARGETED BUSINESS FUND	3,000
	<u>70,000</u>

PAYMENTS ALREADY MADE

BOARD OF ED O/S SINCE 04/07

# INSTRUCTIONS FOR SHORT-TERM MUNICIPAL SECURITIES PRIOR APPROVAL

1. The following constitutes a completed filing and shall be submitted in total at the time of filing the request:
  - a. The completed application with a satisfactory response to all requested information.
  - b. A fee payment (payable to the "State of Michigan") of .03% of securities not less than \$800 or greater than \$2,000.
  - c. A certified copy of the resolution adopted by the governing body authorizing the issuance of the security and containing an irrevocable pledge of the security pledged.
  - d. A certified copy of the resolution authorizing the notice of sale if the security will be sold at public sale.
  - e. A copy of the budget or proposed budget (General Fund) for the current fiscal year (unless previously submitted).
  - f. A copy of any credit enhancement the municipality is authorized to enter into.
  - g. If the authorizing resolution or notice of sale authorizing resolution was adopted at a special meeting, and if any member of the governing body was absent, notarized proofs of call and posting of the special meeting or waiver or waivers of notice.
  - h. If an audit has not been completed for the last ended fiscal year, a statement of revenues and expenditures for the General Fund and for the fund against which the security will be issued if other than the General Fund.
  - i. For grant anticipation securities, the grant offer and resolution accepting the grant.
  - j. For bond anticipation securities, evidence that voter approval has been obtained, if required or that the referendum period has expired without a referendum being called, if required.
  - k. If the security will be issued in anticipation of the taxes to be levied in the next succeeding fiscal year, a detailed explanation of:
    - I. Unforeseen expenses.
    - II. Delay in receipt of budgeted revenues.
    - III. Budgeted expenses preceding budgeted revenues.
1. If the security will be issued against capital improvement taxes, grants or long-term securities, a project description and cost estimate.
- m. If the security will be issued in anticipation of taxes to be levied in the next succeeding fiscal year, a statement of projected revenues and expenditures for the General Fund and for the fund against which the security will be issued if other than the General Fund, through the end of the current fiscal year.
2. An official statement or preliminary official statement shall not be mailed, or authorized to be mailed, or otherwise distributed as a sales document to prospective purchasers before the issuance of an order of approval.
3. The maximum amount that the security may be issued for shall be computed in the manner specified by statute.
4. a. The minimum amount of taxes to be set aside for repayment of an operating tax security shall be computed as follows:
 
$$A \times 1.25 = C$$

B

When A = Principal amount of note  
 B = Total operating tax levy anticipated to be collected as of the date the note will be due  
 C = Percentage of operating tax collections to be set aside until the amount is sufficient for the payment of the principal and interest when due
- b. The minimum amount of taxes to be set aside for repayment of a capital improvement tax security shall be computed as follows:
 
$$A = C$$

B

When A = The amount of the capital improvement tax levy  
 B = Total levy of the municipality  
 C = Percentage of tax levy of the municipality to be set aside until the amount is sufficient for the payment of the principal and interest when due
5. The Chief Administrative Officer of the municipality must sign and date this application.



**NEW ISSUE**  
**(Book-Entry-Only)**

RATING: See "RATING" herein

*In the opinion of Note Counsel, Lewis & Munday, A Professional Corporation, under existing law, as presently interpreted, and assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (i) the Notes and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, and (ii) the interest on the Notes will be excluded from gross income for federal income tax purposes to the extent and subject to the conditions described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein.*

**\$83,460,000**  
**CITY OF DETROIT, MICHIGAN**  
**Tax Anticipation Notes, Series 2007**

**Dated: Date of Delivery**  
**Interest Rate: 4.500%**

**Price: 100.520%**

**Due: March 1, 2008**  
**Yield: 3.710%**

The Tax Anticipation Notes, Series 2007 (the "Notes") of the City of Detroit, Michigan (the "City") will bear interest from their dated date at the rate set forth above. Principal of and interest on the Notes are payable at maturity. **The Notes are not subject to redemption prior to maturity.**

The Notes will be issued as fully registered notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. Purchases of beneficial ownership interests in the Notes will be made in book-entry-only form in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, principal of and interest on the Notes will be paid directly to DTC by U.S. Bank National Association, Detroit, Michigan, as transfer agent. Disbursement of payments to the DTC participants is the responsibility of DTC, and disbursements of payments to the beneficial owners is the responsibility of the DTC participants. See "DESCRIPTION OF THE NOTES - Book Entry Only System" herein.

The Notes are being issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), a resolution adopted by the City Council of the City on May 2, 2007 (the "Note Resolution"), and a sale order of the City's Finance Director dated June 26, 2007, to pay necessary operating expenditures of the City in the current fiscal year ending June 30, 2007, and costs of issuance of the Notes. The City is issuing the Notes in anticipation of taxes to be collected in the next succeeding fiscal year ending June 30, 2008 ("FY2008"), and has irrevocably pledged in the Note Resolution to levy taxes in FY2008 for the purpose of paying operating expenditures and for repaying the Notes from the receipts of such taxes. The City is required to set aside from the first collections of operating taxes in FY2008 and deposit in a separate Tax Note Repayment Account maintained by the City, a portion of each dollar collected to be used solely to pay the principal of and interest on the Notes. See "SECURITY FOR THE NOTES - Set Aside from Tax Collections" herein.

Payment of the principal of and interest on the Notes also will be secured by an irrevocable, direct pay letter of credit to be issued by The Bank of Nova Scotia, New York Agency (the "Bank"), on the date of issuance of the Notes. See "SECURITY FOR THE NOTES - Letter of Credit" herein.



The Notes are limited tax general obligations of the City. If the City determines that issuing the Notes will result in a deficiency in the funds available to pay the City's necessary operating expenditures of FY2008, Act 34 provides that the City shall levy additional taxes in the future within constitutional, charter and statutory limits to prevent a continuation of the deficiency from year to year. The City is currently levying taxes at the maximum rate provided by law.

**This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

*The Notes are offered when, as and if issued by the City and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality of the Notes by Lewis & Munday, A Professional Corporation, Detroit, Michigan, Note Counsel. Certain legal matters will be passed upon for the Bank by Kirkpatrick & Lockhart Preston Gates Ellis LLP, New York, New York and by Fasken Martineau DuMoulin LLP, Toronto, Canada, and for the Underwriters by Pepper Hamilton LLP, Detroit, Michigan. The Notes are expected to be available for delivery in book-entry form through the facilities of DTC on or about June 28, 2007.*

**JPMorgan****LOOP CAPITAL MARKETS, LLC**

Dated: June 26, 2007

## SOURCES AND USES OF FUNDS

The proceeds of the Notes will be applied as summarized below:

### SOURCES OF FUNDS:

Principal Amount.....	<u>\$83,460,000.00</u>
Original Issue Premium.....	<u>433,992.00</u>
Total.....	<u>\$83,893,992.00</u>

### USES OF FUNDS:

Deposit to Note Fund.....	<u>\$83,250,286.24</u>
Costs of Issuance <sup>(1)</sup> .....	<u>643,705.76</u>
Total.....	<u>\$83,893,992.00</u>

<sup>(1)</sup> Includes estimated costs for printing the Official Statement, Rating Agency fees, Note Counsel fees, Underwriters' discount, Transfer Agent fees, Letter of Credit and Bank fees and other expenses and contingencies.

## THE CITY

### Governmental Structure and Services

Pursuant to the State Constitution and Act 279, the City is a home rule city with significant independent powers. In accordance with the City Charter, the governance of the City is organized into two branches: the Executive Branch, which is headed by the Mayor, and the Legislative Branch, which comprises the City Council and its agencies. The Mayor and the members of the City Council are elected every four years. The last regular election for these positions was on November 8, 2005 in which Kwame M. Kilpatrick was re-elected for a second term as Mayor, and five incumbent members and four new members of the City Council were elected. There are no limits as to the number of terms that may be served by City elected officials. The City Charter provides that the voters of the City reserve the power to enact City ordinances by initiative and to nullify by referendum certain ordinances enacted by the City. However, these powers do not extend to the budget or any ordinance for the appropriation of money, and the referendum power does not extend to emergency ordinances.

The City provides the following major services to City residents and businesses: police and fire protection, sanitation and streets, parks and recreation, health, planning and development, public lighting, transportation, water supply and sewage disposal, and parking. In addition, the City is the District Control Unit responsible for certain duties and costs relating to the 36th District Court, a judicial branch of State government.

### Economic and Demographic Characteristics

Detroit is located in Wayne County, which is in the southeastern section of the lower peninsula of Michigan. The City covers approximately 138 square miles and is the largest city in Michigan. Its population of 951,270 accounts for nearly one-half the population of Wayne County. According to the U.S. Census Bureau, Detroit is now the nation's 11th largest city and the center of the nation's 8th largest consolidated metropolitan statistical area. The City is internationally known for its automobile manufacturing and trade. The southern border of the City is on the Detroit River, an international waterway which is linked via the St. Lawrence Seaway to seaports around the world. The City is the commercial capital of Michigan and a major economic and industrial center of the nation. The City has eight diverse industrial parks and more than 50 firms have world headquarters in Detroit. See

*In the opinion of Note Counsel, Lewis & Munday, A Professional Corporation, under existing law, as presently interpreted, and assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (i) the Notes and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, and (ii) the interest on the Notes will be excluded from gross income for federal income tax purposes to the extent and subject to the conditions described herein, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein.*

**\$45,910,000**  
**CITY OF DETROIT, MICHIGAN**  
**Revenue Anticipation Notes, Series 2007**

**Dated: Date of Delivery**  
**Interest Rate: 4.500%**

**Price: 100.520%**

**Due: March 1, 2008**  
**Yield: 3.710%**

The Revenue Anticipation Notes, Series 2007 (the "Notes") of City of Detroit, Michigan (the "City") will bear interest from their dated date at the rate set forth above. Principal of and interest on the Notes are payable at maturity. **The Notes are not subject to redemption prior to maturity.**

The Notes will be issued as fully registered Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. Purchases of beneficial ownership interests in the Notes will be made in book-entry-only form in denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, principal of and interest on the Notes will be paid directly to DTC by U.S. Bank National Association, Detroit, Michigan, as transfer agent. Disbursement of payments to the DTC participants is the responsibility of DTC, and disbursements of payments to the beneficial owners is the responsibility of the DTC Participants. See "DESCRIPTION OF THE NOTES - Book-Entry-Only System" herein.

The Notes are being issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), a resolution adopted by the City Council of the City on May 2, 2007 (the "Note Resolution"), and a sale order of the City's Finance Director dated June 26, 2007, to pay necessary operating expenditures of the City in the current fiscal year ending June 30, 2007, and costs of issuance of the Notes. The Notes are issued in anticipation of certain shared revenue payments the City expects to receive from the State of Michigan (the "State") under the provisions of the Glenn Steil State Revenue Sharing Act, Act 140, Public Acts of Michigan, 1971, as amended (the "State Shared Revenues") in the succeeding fiscal year ending June 30, 2008 ("FY2008"). State Shared Revenues currently constitute the only source of distributable state aid under the Michigan Municipal Distributable Aid Bond Act, Act 97, Public Acts of Michigan, 1981, as amended ("Distributable Aid"). The Notes are secured on a subordinate basis by a pledge of Distributable Aid. To the extent that Distributable Aid is insufficient to pay the principal of and interest on the Notes, the City pledges to make such payments as a first budget obligation of the City from the proceeds of annual ad valorem property taxes which must, to the extent necessary, be levied on all taxable property within the boundaries of the City, subject to charter, statutory and constitutional tax rate limitations. The City is currently levying taxes at the maximum rate provided by law. See "SECURITY FOR THE NOTES - Revenue Sharing and Distributable Aid" and "—First Budget Obligation of the City" herein.

Payment of the principal of and interest on the Notes also will be secured by an irrevocable, direct pay letter of credit to be issued by The Bank of Nova Scotia, New York Agency (the "Bank"), on the date of issuance of the Notes. See "SECURITY FOR THE NOTES - Letter of Credit" herein.



**This cover page contains information for quick reference only. It is not a summary for this issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

*The Notes are offered when, as and if issued by the City and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality of the Notes by Lewis & Munday, A Professional Corporation, Detroit, Michigan, Note Counsel. Certain legal matters will be passed upon for the Bank by Kirkpatrick & Lockhart Preston Gates Ellis LLP New York, New York and by Fasken Martineau DuMoulin LLP, Toronto, Canada, and for the Underwriters by Pepper Hamilton LLP, Detroit, Michigan. The Notes are expected to be available for delivery in book-entry form through the facilities of DTC on or about June 28, 2007.*

**JPMorgan**

**LOOP CAPITAL MARKETS, LLC**

Dated: June 26, 2007

Underwriters are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes, or any error or delay relating thereto.

### Transfer and Payment

If the Notes are issued in such certificated form, the City and the Transfer Agent may deem and treat the registered owners of such Notes as the absolute owners thereof for all purposes described herein and in the Resolution. The Notes may be transferred or exchanged for one or more Notes of the same series and maturity and of a like aggregate principal amount and in authorized denominations, upon surrender thereof to the Transfer Agent (together with an assignment duly executed by the registered owner or such owner's attorney or legal representative in form satisfactory to the Transfer Agent) by the registered owners or their duly authorized attorneys. Upon surrender of any Notes to be transferred or exchanged, the Transfer Agent, as registrar, will record the transfer or exchange in its registration books and the Transfer Agent will authenticate and deliver new Notes of the same series and maturity, appropriately registered and in appropriate authorized denominations. The registered owner requesting any such transfer or exchange may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed with respect thereto.

Subject to the provisions described under "Book-Entry-Only System," principal of the Notes shall be paid upon presentation at the designated office of the Transfer Agent, or at the duly designated office of any duly appointed alternate or successor Transfer Agent, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. So long as DTC or its nominee is the registered owner of the Notes, payments of the principal and interest on the Notes will be made as described above under "Book-Entry-Only System."

### SOURCES AND USES OF FUNDS

The proceeds of the Notes will be applied as summarized below:

#### SOURCES OF FUNDS:

Principal Amount .....	\$45,910,000.00
Original Issue Premium .....	238,732.00
Total .....	\$46,148,732.00

#### USES OF FUNDS:

Deposit to Note Fund .....	\$45,833,346.64
Cost of Issuance <sup>(1)</sup> .....	315,385.36
Total .....	\$46,148,732.00

<sup>(1)</sup> Includes estimated costs for printing this Official Statement, Rating Agency fees, Note Counsel fees, Underwriters' discount, Transfer Agent fees, Letter of Credit and Bank fees and other expenses and contingencies.

### THE CITY

#### Governmental Structure and Services

Pursuant to the State Constitution and Act 279, the City is a home rule city with significant independent powers. In accordance with the City Charter, the governance of the City is organized into two branches: the Executive Branch, which is headed by the Mayor, and the Legislative Branch, which comprises the City Council and its agencies. The Mayor and the members of the City Council are elected every four years. The last regular election for these positions was on November 8, 2005 in which Kwame M. Kilpatrick was re-elected for a second term as Mayor, and five incumbent members and four new

22-Jun-07

**CITY OF DETROIT**  
**DRAFT CASH FORECAST (IN THOUSANDS)**  
**PROJECTION FOR FY 2007-2008**

	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>
BEGINNING BALANCE	85,313	91,623	184,823	135,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223	27,223
<b>RECEIPTS</b>												
TAXES	41,400	61,200	45,000	236,600	88,000	103,000	49,000	63,000	222,000	62,000	43,000	75,000
DIST STATE AID	45,490		45,000		45,000		45,000		45,000		45,000	
NOTE PROCEEDS (RANS)		45,000										
NOTE PROCEEDS (TANS)		80,000										
OTHER REVENUE	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
TOTAL RECEIPTS	<u>121,890</u>	<u>221,200</u>	<u>125,000</u>	<u>271,600</u>	<u>168,000</u>	<u>138,000</u>	<u>129,000</u>	<u>98,000</u>	<u>302,000</u>	<u>97,000</u>	<u>123,000</u>	<u>110,000</u>
<b>DISBURSEMENTS</b>												
PAYROLL	35,000	40,000	35,000	45,000	35,000	35,000	40,000	35,000	35,000	45,000	35,000	35,000
DEBT SERVICE -NOTES (RANS)							18,500		28,500			
DEBT SERVICE -NOTES (TANS)			12,000	44,000	16,000	600	600	2,000	8,000			
OTHER EXPENDITURES	<u>80,580</u>	<u>88,000</u>	<u>127,000</u>	<u>160,000</u>	<u>161,000</u>	<u>78,000</u>	<u>55,500</u>	<u>118,000</u>	<u>235,500</u>	<u>104,000</u>	<u>100,000</u>	<u>70,000</u>
TOTAL DISBURSEMENTS	<u>115,580</u>	<u>128,000</u>	<u>174,000</u>	<u>249,000</u>	<u>212,000</u>	<u>113,600</u>	<u>114,600</u>	<u>155,000</u>	<u>307,000</u>	<u>149,000</u>	<u>135,000</u>	<u>105,000</u>
CASH BALANCE	91,623	184,823	135,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223	27,223	32,223
BALANCE WITHOUT NOTE PROCEEDS	91,623	59,823	22,823	89,423	61,423	86,423	119,923	64,923	96,423	44,423	32,423	32,223
Less: Restricted Cash	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>							
BALANCE WITHOUT RESTRICTED CASH	<u>21,623</u>	<u>(10,177)</u>	<u>(47,177)</u>	<u>19,423</u>	<u>(8,577)</u>							

**BREAKDOWN OF MAJOR DISB.**

POC OBLIGATION-PAID	23,000				9,500
EMPLOYEE BENEFITS-PAID	18,000		18,000		18,000
TID - PYMT TO DDA DUE JULY 1,	10,000		8,000		
LDFA PYMT DUE JULY 1			6,000		
TIPPING FEES GDRRA			45,000		25,000
TAX DISTRIBUTION-PAID	6,000			90,000	90,000
VENDOR CHECKS, OTHER-PAID	16,000				
VENDOR CHECKS, OTHER	15,000	24,000	52,000	18,500	
OTHER EXPENDITURES-DETAIL	88,000	127,000	160,000	161,000	

**BREAKDOWN OF RESTRICTED CASH**

STREET FUND	47,000
SELF INSURANCE FUND	20,000
TARGETED BUSINESS FUND	3,000
	<u>70,000</u>

PAYMENTS ALREADY MADE

BOARD OF ED O/S SINCE 04/07

# EXHIBIT D

## COST CONSIDERATIONS AND PRO FORMA PROJECTIONS FOR THE AMOUNTS OWED BY THE CITY OF DETROIT TO THE GENERAL RETIREMENT SYSTEM

1/18/2007

1	Current Amounts Owed	12 Months 2005-2006	\$22,091,865
		Interest (average 18 mo late or 11.85%)	<u>\$2,558,000</u>
		Total	<u>\$24,649,865</u>

This analysis assumes that the above will be paid off by 6-30-07 per Finance  
Director's December 2006 Letter

2 Amounts due and payable during the two year period 7-1-07 thru 6-30-09:

2006-07 Amount owed as of 7-1-07 \$21,403,024

Future Estimates for 2 year period 7-1-07 thru 6-30-09

2007-08	\$21,000,000
2008-09	\$21,000,000

Total Principal owed through 6-30-09 \$63,403,024

3 Other Assumptions

Interest Rate on all Arrearages 7.9% per annum  
Payments made monthly over a twenty four month period  
City will be fully caught up by 6-30-09  
Payments will be approximately 1.5 months owed, paid each month  
plus interest

Interest during the two yr payoff period	2006-7 amounts will average 10 months late 10/12 of 7.9% = 6.6% x \$21,403,024	\$1,413,000
--	---	-------------

2007-8 amounts will average 6 months late 6/12 of 7.9% = 3.95% x \$21,000,000	\$830,000
--	-----------

2008-9 amounts will average two months late 2/12 of 7.9% = 1.3% x \$21,000,000	<u>\$275,000</u>
---	------------------

Total Interest owed through 2 yr period ending 6-30-09	\$2,518,000
---	-------------

Total estimated payments (Prin and Int)	<u>\$65,921,024</u>
---	---------------------

Average estimated monthly payments required for the 24 month period 7-1-07 thru 6-30-09	<u>\$2,746,709</u>
---	--------------------

April 28, 2008

Honorable City Council:

**RE: Resolution authorizing the issuance and sale of not to exceed  
\$170,150,000 City of Detroit Series 2008 Tax Notes**

The attached Resolution authorizes the issuance and sale of the subject Notes for the purpose of paying operating expenditures of the city in the current fiscal year in anticipation of the collection of state revenue sharing and subordinated distributable state aid for the next succeeding fiscal year.

The Series 2008 Tax Notes will consist of a combination of not to exceed \$79,335,000 Revenue Anticipation Notes and not to exceed \$90,815,000 Tax Anticipation Notes.

It is anticipated that the sale will occur June 2008. The attached Resolution has been prepared by Bond Counsel and I recommend its adoption by your Honorable Body, with waiver of reconsideration, at your next formal session.

Respectively submitted,

  
Norman L. White  
Finance Director

NW/dc

Cc: Kerwin Wimberley  
David Whitaker  
Irvin Corley

EXHIBIT A

Michigan Department of Treasury  
1435 (Rev 2-02)

This form is issued under the authority of P.A. 34 of 2001. If your municipality does not have qualified status, you must file this form to apply for approval of the State Treasurer before Short-term Municipal Securities can be issued.

# Application for State Treasurer's Approval to Issue Short-Term Municipal Securities

**INSTRUCTIONS:** Complete all parts of this application. The Department of Treasury may request additional information.

**FILE WITH:** Local Audit & Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228.

Direct questions to (517) 373-0660 or e-mail to TREAS\_LAFD@michigan.gov.

The municipality identified below applies for permission to issue short-term municipal securities under authority of P.A. 34 of 2001, as amended.

Legal Name of Municipality City of Detroit		County(ies) Wayne	
Amount of Security Not to exceed \$88,446,487.00	Issue Date To be determined	Due Date Not later than 6/30/08	
Interest Rate 18 % Maximum	Year Borrowing Against <input type="checkbox"/> Current Fiscal Year <input checked="" type="checkbox"/> Next Succeeding Fiscal Year		
Borrowing Against <input checked="" type="checkbox"/> Operating Taxes <input type="checkbox"/> Capital Improvement Taxes <input type="checkbox"/> State Revenue Sharing <input type="checkbox"/> State School Aid <input type="checkbox"/> Long-term Municipal Securities <input type="checkbox"/> Grants			
Purpose To provide funds to pay necessary operating expenditures required as a result of cash flow imbalances of the City.			

## TAX INFORMATION

Fiscal Year June 30	Date Taxes Due July 1	Date Taxes Delinquent August 31
------------------------	--------------------------	------------------------------------

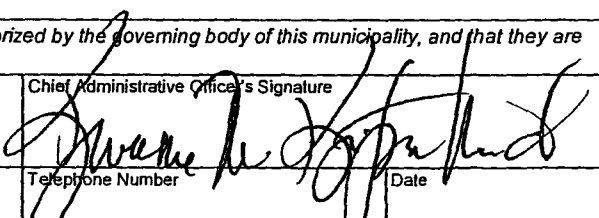
## ELECTION INFORMATION

Date of Election	# of Mills Authorized	Expiration Date	Date of First Levy	Purpose*
NA	NA	NA	NA	NA

\* Use language exactly as it appeared on the ballot or attach a copy of the ballot.

Name and Address of Bond Attorney Susan Hoffman, Esq - Lewis & Munday PC 1420 Fifth Ave., Ste.3150, Seattle, WA 98101	Telephone Number ( 206 ) 625-0550
Name and Address of Financial Consultant Thomas Gavin - R.W. Baird & Co. 300 E. Fifth Ave., Ste. 200, Naperville, IL 60563	Telephone Number ( 630 ) 778-9178

## CERTIFICATION

I, the undersigned, certify that this application and the attachments were authorized by the governing body of this municipality, and that they are complete and accurate in all respects.	
Chief Administrative Officer Name and Title (Typed or Printed) Kwame M. Kilpatrick, Mayor	Chief Administrative Officer's Signature 
Municipal Address 1200 Coleman A. Young Municipal Ctr., Detroit, MI 48226	Telephone Number 313 , 224-3400
	Date 5/2/07



Type	Dated	Amount Borrowed	Maturity Date	Outstanding Balance
None				

## TAX HISTORY

TAX HISTORY	Preceding Fiscal Year	Current Fiscal Year	Next Fiscal Year
	20 05 - 20 06	20 06 - 20 07	20 07 - 20 08
State Equalized Valuations	\$ 13,256,545,182	\$ 13,119,185,040	\$ To be determined
Millage			
Operating Allocated	19.962 mills	19.952 mills	mills
Operating Voted	0 mills	0 mills	mills
Capital Improvement	0 mills	0 mills	mills
Debt	7.0753 mills	8.3951 mills	mills
Other	2.9943 mills	2.9928 mills	mills
Tax Levies: Operating	\$ 174,664,110	\$ 179,491,292	\$
Capital Improvement	\$ 0	\$ 0	\$
Debt	\$ 61,907,673	\$ 78,059,941	\$
Other	\$ 26,186,492	\$ 9,997,423	\$
Total	\$ 262,758,275	\$ 267,548,656	\$
Operating Tax Collections to*	\$	\$	
Collections to Present	\$	\$	

\* Insert the day and month upon which the proposed notes will mature. In corresponding spaces report the collections for each respective year as of said day and month.

IF YOU HAVE A DUAL LEVY PLEASE COMPLETE THE FOLLOWING:

[illegible]

**CITY OF DETROIT  
CASH FORECAST (IN THOUSANDS)  
PROJECTION FOR FY 2007-2008**

	<u>May-07</u>	<u>Jun-07</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>
BEGINNING BALANCE	85,313	91,623	159,823	125,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223
<b><u>RECEIPTS</u></b>											
TAXES	41,400	61,200	45,000	236,600	88,000	103,000	49,000	63,000	222,000	62,000	43,000
DIST STATE AID	45,490		45,000		45,000		45,000		45,000		45,000
NOTE PROCEEDS (RANS)		45,000									
NOTE PROCEEDS (TANS)		80,000									
OTHER REVENUE	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
TOTAL RECEIPTS	<u>121,890</u>	<u>221,200</u>	<u>125,000</u>	<u>271,600</u>	<u>168,000</u>	<u>138,000</u>	<u>129,000</u>	<u>98,000</u>	<u>302,000</u>	<u>97,000</u>	<u>123,000</u>
<b><u>DISBURSEMENTS</u></b>											
PAYROLL	35,000	40,000	35,000	45,000	35,000	35,000	40,000	35,000	35,000	45,000	35,000
DEBT SERVICE -NOTES (RANS)							18,500		28,500		
DEBT SERVICE -NOTES (TANS)			12,000	44,000	16,000	600	600	2,000	8,000		
OTHER EXPENDITURES	<u>80,580</u>	<u>113,000</u>	<u>112,000</u>	<u>150,000</u>	<u>161,000</u>	<u>78,000</u>	<u>55,500</u>	<u>118,000</u>	<u>235,500</u>	<u>104,000</u>	<u>100,000</u>
TOTAL DISBURSEMENTS	<u>115,580</u>	<u>153,000</u>	<u>159,000</u>	<u>239,000</u>	<u>212,000</u>	<u>113,600</u>	<u>114,600</u>	<u>155,000</u>	<u>307,000</u>	<u>149,000</u>	<u>135,000</u>
CASH BALANCE	91,623	159,823	125,823	158,423	114,423	138,823	153,223	96,223	91,223	39,223	27,223
BALANCE WITHOUT NOTE PROCEEDS	91,623	34,823	12,823	89,423	61,423	86,423	119,923	64,923	96,423	44,423	32,423

**CITY OF DETROIT, MICHIGAN**  
**STATEMENT OF DIRECT TAX SUPPORTED AND REVENUE INDEBTEDNESS**  
**May 1, 2007**

**Tax Supported Debt**

**Unlimited Tax**

General Obligation bonds (general purpose)	\$	541,785,000		
Distributable State Aid general obligation bonds		<u>25,120,000</u>	\$	566,905,000

**Limited Tax**

General Obligation bonds (limited tax )		316,605,000		
Greater Detroit Resource Recovery Authority bonds		102,600,000		
Detroit Building Authority bonds (Madison Center)		5,955,000		
Economic Development - Resource Recovery bonds		<u>49,805,000</u>		<u>474,965,000</u>
Total tax supported debt			\$	1,041,870,000

**Revenue and Other Debt**

Water Supply System bonds	\$	3,182,426,069		
Sewage Disposal System bonds		2,966,334,266		
Detroit Building Authority bonds (Parking and Arena System)		43,590,000		
Federal Section 108 loans		42,862,000		
Convention Facility Revenue Bonds (Cobo Hall Expansion)		102,803,138		
DDA Tax Increment bonds		143,428,198		
LDFA Tax Increment bonds		82,840,000		
Total revenue and other projects				<u>6,564,283,671</u>

**Gross Direct Debt**

\$7,606,153,671

**Deductions**

Revenue and Other Debt	\$	6,564,283,671		
Greater Detroit Resource Recovery Authority Bonds-Reserve Account Balance		<u>26,251,172</u>		
Total Deductions				<u>6,590,534,843</u>

**Net Direct Debt**

\$1,015,618,828

SOURCE: Finance Department

#### Overlapping Debt

Property in the City is currently taxed for proportionate share of outstanding debt obligation of overlapping governmental entities including the School District of the City of Detroit, Wayne County, Regional Educational Service Agency and Wayne County Community College. The table below shows the City's share of outstanding tax supported overlapping debt as of May 1, 2007. See "GOVERNMENTAL STRUCTURE -Other Governmental Entities."

City's Share of Overlapping Debt As of May 1, 2007			
Issuer	Outstanding Debt	Detroit's Share	
		Percent	Amount
The School District of the City of Detroit (a)	\$ 1,409,720,423	100.00 %	\$ 1,409,720,423
Wayne County (b)	102,307,808	18.37	18,793,944
Wayne County Community College	50,100,000	29.06	14,559,060
Net Overlapping Debt			\$ 1,443,073,427

(b) This debt is a general obligation of the County but is payable from assessments against municipalities in the County, other than the City, as well as from the County General Fund.

SOURCE: Municipal Advisory Council of Michigan

#### Summary of Debt Statement

The following table shows the City's net direct and overlapping debt as of May 1, 2007:

Direct and Overlapping Debt As of May 1, 2007		
Direct Debt		
Gross Principal Amount	\$7,606,153,671	
Less amount payable from other sources	<u>6,590,534,843</u>	
Net direct debt		\$1,015,618,828
Overlapping Debt		
Net overlapping Debt		<u>1,443,073,427</u>
Net Direct and Overlapping Debt		<u>\$2,458,692,256</u>

Projects being planned for future indebtedness:

Revenue Anticipation Notes, not to exceed \$43,508,992.

Water Supply System Revenue Refunding Bonds, not to exceed \$400,000,000.

Detroit Building Authority Parking System Revenue Refunding Bonds, not to exceed \$17,500,000.

General Obligation Unlimited Tax Bonds, not to exceed \$50,000,000.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

JPMorganChase

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

JPMorgan Chase  
CORPORATE ACCOUNTS PAYABLE, TX2-C361  
601 TRAVIS STREET, 19TH FLOOR  
HOUSTON TX 77002

Official Check  
622219676

10-86  
220

DATE 05/07/2007 AMOUNT \$2,000.00

Pay  
Two Thousand and NO/100 Dollars

To the Order of

Drawer: JPMorgan Chase Bank, N.A.

MICHIGAN DEPT OF TREASURY

PO BOX 30728  
LANSING MI 48909

*Denise L. Moore*

Issued by Integrated Payment Systems Inc., Englewood, Colorado  
To Citibank, N.A., Buffalo, NY

Security  
Features  
Details on  
Back

⑈371566⑈ ⑆022000868⑆ 25006222196769⑈